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Zimbabwe

Grain and Feed

Monthly Update

2006

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Report Highlights:

After a favorable rainfall season Zimbabwe is expected to harvest 900,000 tons of corn from the crop planted in 2005 compared to the 550,000 tons harvested from the crop planted in 2004. Imports, to alleviate the food deficit, continue unabated and from May 2005 to March 24, 2006 imports from South Africa amounted to 958,000 tons. After the harvest in May import demand should slow down but will pick up again later and should reach about 600,000 tons over the full season.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[RH]

SUMMARY

Most parts of Zimbabwe have received normal to above normal rainfall so far this season. The southeastern part of the country has suffered a mid-season drought that has severely reduced yield potential in the affected areas. With corn production estimated at between 800,000 and 900,000MT the country faces another food deficit after the harvest in May 2006.

The area to be planted to wheat in 2006 is estimated at 35,000 hectares.

CORN

PSD Table

Country	Zimbabwe					
Commodity	Corn					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post New]
Market Year Begin	05/2004		05/2005		05/2006	
Area Harvested	1365	1365	1200	1200	1300	1300
Beginning Stocks	46	130	33	0	133	0
Production	900	900	550	550	900	900
TOTAL Mkt. Yr. Imports	287	300	800	1050	300	600
Oct-Sep Imports	233	233	700	550	400	900
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1233	1330	1383	1600	1333	1500
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	25	125	25	75	25	75
TOTAL Dom. Consumption	1200	1330	1250	1600	1250	1500
Ending Stocks	33	0	133	0	83	0
TOTAL DISTRIBUTION	1233	1330	1383	1600	1333	1500

Production

The corn crop that was planted early, (November and December, 2005), is nearing maturity or in the case of short season varieties has already matured but still has to dry.

Rainfall in most parts of the country has been normal to above normal with the exception of the southeastern and southern parts of the country (Manicaland, Masvingo and Matebeleland South provinces) that experienced a long dry spell in February and March, reducing prospects of good harvests in these areas. Most of the late-planted crops in the drought stricken areas have reached permanent wilting point and will not recover. These provinces also experienced the driest spell last season.

Shortage of inputs (seed, fertilizer and chemicals), shortage of labor for weeding particularly on the smaller commercial farms, leaching of nutrients and a controlled price and market for the commodity, all conspired to lower production this season. Insecurity of land tenure is a major constraint to long-term developments and investments on the farms. The government is yet to give security of tenure to beneficiaries of the land reform program.

Government has not yet released official crop estimates. AREX is to carry out crop surveys early next month. Our estimate is for a national corn output of between 800,000 and 900,000MT, which is much, lower than the theoretical national requirement of about 1,8 million MT.

Consumption

Corn availability was erratic throughout the country. Consequently, corn flour was only occasionally available in urban and rural retail outlets.

Trade

Despite a serious shortage of foreign currency, imports of corn from South Africa continued as shown on the table below.

Monthly imports of corn (May 2005 to March 2006)

Month and Year	Corn imported from South Africa
2005	MT
May	107,205
June	95,166
July	95,274
August	87,327
September	87,553
October	77,650
November	87,134
December	92,431
2006	
January	51,044
February	110,196
March (up to 03/24)	67,300
Total (May 1 to March 24)	958,280
Average monthly imports	89,100

Government has reported spending US\$135 million to finance corn imports from South Africa in the period May to December 2005.

At the current average rate of importation of 89,100 MT per month, a total of 1.05 million MT would have been imported from South Africa by the end of April, leaving a gap of 150,000 MT from the government's stated target of 1.2 million MT for the season.

WHEAT

PSD Table

Country	Zimbabwe					
Commodity	Wheat					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	07/2003		07/2004		07/2005	
Area Harvested	30	30	35	35	46	35
Beginning Stocks	100	0	100	0	100	0
Production	90	90	140	105	140	120
TOTAL Mkt. Yr. Imports	170	170	130	130	150	90
Jul-Jun Imports	170	170	130	130	150	90
Jul-Jun Import U.S.	6	6	0	21	0	0
TOTAL SUPPLY	360	260	370	235	390	210
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	260	260	270	235	290	210
Ending Stocks	100	0	100	0	100	0
TOTAL DISTRIBUTION	360	260	370	235	390	210

Production

The estimated wheat output for 2005 has been revised up to 120,000 MT from an area of about 35,000 hectares. The country has a potential of 65,000 hectares that could be put under irrigated winter cereals.

Preparations for winter wheat production have started. The recommended time of planting for winter wheat is from 1 April to 15 May. There is an estimated 8,000 MT of wheat seed available for the 2006 crop. If all the seed is used this would result in a crop area of about 88,000 hectares at the seeding rate of 90kg/ha. However, the agricultural unions representing producers have indicated that the country will only be able to put a maximum of 35,000 hectares under wheat production in contrast to the unrealistic government target of 110,000 hectares. Major considerations influencing their projections include limited tillage capacity, poor availability of inputs such as fertilizer and chemicals, high production costs and disincentives such as the controlled market and late payments for the crop by the GMB.

Although there is potential to rehabilitate irrigation schemes so as to utilize the entire 65,000 hectares for winter cereal production this will not be achieved this season. The Irrigation Association of Zimbabwe estimates that complete rehabilitation of the irrigation schemes would take 3 to 4 years.

Wheat production has declined substantially from 329,000 MT in 2001 to 120,000 MT in 2005. Some of the main constraints to wheat production are inadequate tillage capacity, late planting, a controlled market for the commodity, the unknown producer price, late payments for crop deliveries, insecurity of land tenure, unavailability of inputs (fertilizer, fuel and chemicals) and erratic power supplies for irrigation.

Production will be encouraged if free marketing of wheat is introduced, a pre-planting price that ensures viability is offered to producers, producers are guaranteed security of tenure; there is timely availability of critical inputs and if power supply is reliable.

Consumption

Bread is the second most important food after corn particularly in the urban areas. There is a link between the consumption of wheat and that of corn where wheat consumption increases if corn availability is poor. Due to the limited availability, GMB has been rationing wheat to millers. Since the beginning of January 2006 weekly allocations of wheat to millers have been reduced to 4000 MT or 208,000MT per annum against an optimum national requirement of about 350,000MT per year.

Trade

Since August the country has not imported any wheat due to unavailability of foreign currency.